

# UAC INSURANCE MUTUAL

## *Board of Directors Meeting*

Friday, June 14, 1996, 10:00 a.m.

UAC Offices  
Salt Lake City

*A G E N D A*

---

10:00	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of April 19, 1996 Minutes	Gary Herbert
	Introduction of Broker Proposals	Brett Rich
10:30	Arthur J. Gallagher & Co. Proposal	Jennifer Gallagher
11:30	AON Risk Resources Proposal	Cindy LaMantia
12:30	Lunch Break	
	Director's Report	Brett Rich
	Summary of March and April Financial Statements	Brett Rich
	Loss Prevention Report	David Nelson
	Brokers Report	Jess Hurtado Keri Chappell
	Set Date & Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
3:00	Adjourn	





UTAH ASSOCIATION  
OF COUNTIES  
INSURANCE MUTUAL

## UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

June 14, 1996, 10:00 a.m.  
UAC Offices

**Board  
Members  
Present:**

Gary Herbert, *President*, Utah County Commissioner  
Gerald Hess, *Vice President*, Davis County Deputy Attorney  
Sid Groll, *Comptroller*, Cache County Sheriff  
Curtis Dastrup, Duchesne County Commissioner  
Ty Lewis, San Juan County Commissioner  
Sarah Ann Skanchy, Cache County Council Member  
Gary Sullivan, Beaver County Commissioner

**Board Members  
Absent:**

Robert Gardner, *Secretary*, Iron County Commissioner  
Ken Brown, Rich County Commissioner

**Others  
Present:**

Kent Sundberg, Utah County Deputy Attorney  
Brent Gardner, UACIM Administrator  
Brett Rich, Director, UACIM  
David Nelson, Loss Prevention Manager  
Sonya White, UACIM Administrative Assistant  
Jess Hurtado, UACIM Broker  
Keri Chappell, UACIM Broker  
Doug Alexander, UACIM Claims Manager

### CALL TO ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

### REVIEW OF BOARD MEMBERS ABSENT

During the May 29<sup>th</sup> telephonic conference, Robert Gardner told the Board that he would be unable to attend this meeting. Ken Brown called the UAC Office to inform the Board that he would be unable to attend this meeting due to a previously scheduled RS2477 meeting. Sarah Ann Skanchy made a motion to excuse Robert and Ken from this meeting. Gary Sullivan seconded the motion and the motion passed unanimously.

### REVIEW AND APPROVAL OF APRIL 1996 MINUTES

The minutes from the April 19, 1996, Board of Directors meeting were previously sent and reviewed by the Board. Sarah Ann Skanchy made a motion to approve the minutes as written. Gerald Hess seconded the motion and the motion passed unanimously.

### INTRODUCTION OF BROKER PROPOSALS

The proposals from Aon Risk Resources and Arthur J. Gallagher were received by May 31<sup>st</sup> and sent to the Board for their thorough review. Brett Rich explained that he has completely read each proposal and met with representatives of each brokerage firm during the PRIMA conference the week of June 3<sup>rd</sup>. Brett prepared a comparison summary of the proposals which included policy form, coverage, reinsurance option, costs, enhancements and service. Representatives from each brokerage firm are scheduled on the agenda today to summarize their proposal and answer any questions.



### ARTHUR J. GALLAGHER & COMPANY PROPOSAL

Jennifer Gallagher, representing Arthur J. Gallagher & Company, briefly reviewed the proposal, program highlights and qualifications with the Board. The proposal included a three year attachment point guarantee, reinsurance vs. excess insurance option and claims administration options. Bret VanLeeuwen of APEX, representing Great American Insurance Company, was available to answer questions regarding the excess carrier. Jennifer answered several questions from Board Members and the Board thanked Jennifer and Bret for their attendance.

### AON RISK RESOURCES PROPOSAL

Jess Hurtado and Keri Chappell, representing Aon Risk Resources, briefly reviewed their proposal with the Board. The Coregis program, which was proposed, was specifically designed for Aon. Jess reviewed the highlights of the Coregis program, the attachment point buy down and two year guarantee on the UACIM loss fund, and extensively discussed the importance of UACIM staying sound and well funded. Aon will introduce the new TopCat claims system if the Board's decision is in their favor. Several questions from Board Members were answered and the Board thanked Jess and Keri for their attendance.

### LOSS PREVENTION REPORT

David Nelson reviewed his written report with the Board (see attachment #1). David has completed risk reviews for Iron, Wasatch, Washington, Rich, Davis, Beaver, Emery, Grand and San Juan Counties and has mailed the County's recommendations generated from those reviews. Training was conducted in Washington, Cache, Davis and Grand Counties ranging in areas of driver safety, drug testing and sexual harassment. David met with the San Juan County Safety Committee and Accident Review Board, which are functioning well. David reviewed the breakdown of fees and expenses for the *Professional Development Conference and Exposition* in San Diego, June 24-26, 1996, with the Board. His estimated cost to drive is \$1757 and his estimated cost to fly is \$1684. In order for David to remain certified as a CSP, Certified Safety Professional, the ASSE, American Society of Safety Engineers, requires annual training as offered at this Conference. Brett Rich reviewed the seminars offered at the Conference and recommended that David attend. Ty Lewis made a motion authorizing David to attend the Conference and approved the lesser amount for travel. If David decides to drive, he will pay the difference of the amount approved. Curtis Dastrup seconded the motion and the motion passed unanimously. In conclusion, David reported that Rick Bailey, San Juan County, had been approached by a division of Utah OSHA to inspect their buildings and operations and make recommendations which will not be reported to regulatory OSHA. The Board Members were not able to offer any suggestions in this regard and requested David to research this issue and report to the Board at the next meeting.

### BROKER'S REPORT

Keri Chappell reported that in the process of reviewing the member counties boiler and machinery coverage, she found that approximately half of the member counties are uninsured. Keri has commitments from two insurance companies that will provide a much broader, higher limit policy for approximately what the counties, who have coverage now, are paying. Once Keri works out the details, she will pass the information on to the member counties pursuant to the Boards approval.

Brent Gardner asked Keri if she had received a call from Box Elder County regarding insurance for vendors at their County fair. Keri had not received a call but Brett Rich did speak to John Rausch, Box Elder County Insurance Coordinator, regarding this issue and discussed the TULIP program. Keri will contact John to follow-up and explained to the Board that if the fair events are sponsored by the county there is coverage under UACIM but if the event is sponsored by a third-party then the county can offer coverage to the third-party through the TULIP program for a small fee. This program transfers the risk from the county to the third-party. The TULIP program has a classified hazard list for most events. Keri can also write a separate policy, outside of UACIM, to cover the complete week of fair events for the counties at a minimal cost. The Board directed Brett to write a letter to each member county explaining the options for coverage of their upcoming fairs.

### DIRECTOR'S REPORT

Loss Prevention Department Vehicle: Brett Rich asked the Board when is the optimal time to trade-in the UACIM owned vehicles. Brett explained that the 1995 Ford Taurus, that David Nelson uses for his travel, has approximately 45,000 miles on it, the warranty has expired, the vehicle needs new tires and a tune-up. UACIM is able to buy these vehicles through the state contract at a substantial discount, therefore, UACIM may be able to sell the Taurus at its purchase price. Ty Lewis made a motion to begin the process of selling the Ford Taurus and order the new vehicle from the State Program. Sid Groll seconded the motion and the motion passed unanimously.



## DIRECTOR'S REPORT cont.

Insurance Department Meeting: Brett met with Commissioner Wilcox, the Deputy Commissioner, the Chief Examiner, three Under Examiners, and the Departments legal council to discuss the Coregis program, the issue of excess vs. reinsurance, rate filings and the requested exemption from surplus requirements based on a fully funded program. Brett felt the meeting was very beneficial and the Commissioner requested another meeting once the Board decides which program UACIM will be using.

Open Meetings Act: Brett explained that UACIM falls under the Open Meetings Act but has not been in compliance. The Code specifies that a public agency insurance mutual is an entity of the state. The UACIM Bylaws also state that UACIM must comply with the Act. The Board agreed that to comply the annual schedule of regular meetings must be published and each agenda must be posted in the office. Also, minutes of the meetings closed sessions must be taken.

## SET DATE & TIME FOR CLOSED MEETING

Ty Lewis made a motion to set the date and time for closed session at 2:15 p.m. June 14, 1996, to discuss pending or reasonably eminent litigation. Curtis Dastrup seconded the motion and the motion passed unanimously.

Sarah Ann Skanchy made a motion for the Board to conclude the closed session. Gary Sullivan seconded the motion and the motion passed unanimously.

Ty Lewis made a motion to authorize settlement up to an amount of \$30,000 in the matter of claim number 801DAV927065 subject to authority by AIG. Sid Groll seconded the motion and the motion passed unanimously.

Ty Lewis made a motion to authorize settlement up to an amount of \$45,000 in the matter of claim number 801CAC947018. Sid Groll seconded the motion and the motion passed unanimously.

Ty Lewis made a motion to authorize settlement up to an amount of \$45,000 in the matter of claim number 801DAV967021. Sid Groll seconded the motion and the motion passed unanimously..

## OTHER BUSINESS

Since there were two Board Members absent and to allow the Board additional time to extensively review the proposals and ponder the extensive discussion today, the Board postponed a decision on awarding the Brokerage contract. The Board directed Brett Rich to calculate the financial affect of both proposals on the financial statements and budget for their review. The Board will meet again on Friday, June 28<sup>th</sup> to make the final decision.





## PROPOSALS SUMMARY

	<u>AON</u>	<u>GALLAGHERS</u>
<i>Form</i>	new policy form, tailored to governmental entities	ISO with endorsements, or will use UACIM form
<i>Coverage</i>		
Property	\$100,000,000	\$100,000,000
Flood/Earthquake	\$10,000,000	\$5,000,000 (\$500 deductible)
SIR	\$200,000	\$250,000
Liability	\$1,000,000/\$3,000,000 per county	\$1,000,000/\$3,000,000 per county
Crime	\$200,000	\$150,000
C. B. Bond	\$500,000	\$150,000
SIR	\$200,000	\$150,000
Stop Loss	unlimited	unlimited
Attachment Point	\$1,825,000 w/2yr.guarantee \$1,690,000 buy down available	\$1,475,000
Excess Liability	\$1,000,000 - \$67,392 \$2,000,000 - \$108,450 \$3,000,000 - \$137,894 \$4,000,000 - \$160,742 \$5,000,000 - \$180,067	\$1,000,000 - \$48,000 \$2,000,000 - \$67,000 \$3,000,000 - \$76,000 \$4,000,000 - \$80,000 \$5,000,000 - \$82,000
<i>Reinsurance Option</i>	no	yes
<i>Costs</i>		
Excess	\$439,750-\$499,755	\$458,635
Broker Fee	\$125,000	\$85,000-\$115,000
Claims	\$195,000 dedicated unit	\$238,960 dedicated unit \$217,300 semi-dedicated unit \$133,107 Gallagher-Bassett Services \$5,000 audit & reporting
<i>Enhancements</i>	herbicide/pesticide sexual abuse (not excluded)	herbicide/pesticide sexual abuse (silent) inverse condemnation (not excluded)
<i>Service</i>	local office	?



**TRAINING:**Washington County

On April 23, 1996, I met with the county drivers to conduct loss prevention training. Claims activity, driving safety, drug testing and related loss prevention were discussed.

Cache County

"Sexual Harassment" training for county employees was held on April 29, 1996. Presented by Janet Hugie Smith.

Davis County

On May 21, 1996, I met with the county drivers to conduct loss prevention training. Claims activity, driving safety, drug testing and related loss prevention were discussed. The video "Intersections" was also shown. Two separate meetings were conducted.

Grand County

On June 11, 1996, I met with the county drivers to conduct loss prevention training. Claims activity, driving safety, drug testing and related loss prevention were discussed. The video "Intersections" was also shown. Four separate meetings were conducted.

**MEETINGS:**San Juan County

On June 13, 1996, I met with the San Juan County safety committee/accident review board. As I had just completed my risk review in the county, we spent some time discussing the developed recommendations. Additionally, we discussed the purpose and function of the safety committee and accident review board. Both the safety committee and the accident review board are in place and working well.

Personnel Loss Prevention Committee meeting was held on April 30, 1996. Formulated training to be conducted in June.

**CONSULTING:**

None to report

**OTHER:**

Attended and participated in the annual Road School which was held on April 24, 25 and 26, 1996 in St. George. Conducted two workshops. Good participation from county road departments. Booth in the future?

Professional Development Conference and Exposition on June 24-26, 1996 in San Diego, California.

# LOSS PREVENTION REPORT

---

BY: David L. Nelson, Loss Prevention Manager

Utah Association of Counties Insurance Mutual  
Board of Directors Meeting, June 14, 1996

## **RISK REVIEWS:**

### Iron County

The first 1996 risk review for the county was completed on April 16, 1996. The risk review report and recommendations was submitted to the county commission for evaluation and compliance.

### Wasatch County

The first 1996 risk review for the county was completed on April 18, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

### Washington County

The first 1996 risk review for the county was completed on April 23, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

### Rich County

The first 1996 risk review for the county was completed on May 9, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

### Davis County

The first 1996 risk review for the county was completed on May 22, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

### Beaver County

The first 1996 risk review for the county was completed on June 5, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

### Emery County

The first 1996 risk review for the county was completed on June 7, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

### Grand County

The first 1996 risk review for the county was completed on June 11, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

### San Juan County

The first 1996 risk review for the county was completed on June 13, 1996. The risk review report and recommendations will be submitted to the county commission for evaluation and compliance.

MEMORANDUM

---

Date: May 14, 1996  
To: Brett  
From: David  
Subject: Professional Development Conference and Exposition

I am providing the following information relevant to my request to attend the American Society of Safety Engineers 35th annual Professional Development Conference and Exposition:

Dates?: June 24-26, 1996

Where?: San Diego, California

Why?: This conference provides excellent education and training that relates very closely with my responsibilities as UACIM Loss Prevention Manager. I have been a member of the American Society of Safety Engineers for 20+ years and have attended previous conferences offered. They are very valuable. In addition, my certification as a "Certified Safety Professional", requires participation in this type of training. The advantage of this conference over others of similar nature is simple. It is larger, has more subjects to offer and has a higher quality of presenters.

Cost?: (driving UAC automobile)

-\$640.00	conference registration
-\$375.00	per diem for 5 days - 3 days conference and 2 days travel
-\$150.00	auto travel expense - estimate 1500 miles round trip @ .10/mile
-\$592.00	hotel - 4 nights at \$148.00 per night
- \$1757.00	total

Cost?: (commercial airlines)

-\$640.00	conference registration
-\$300.00	per diem for 4 days - 3 days conference and 1 day travel
-\$250.00	air travel - medium range, (could be more or less)
-\$444.00	hotel - 3 nights at \$148.00 per night
-\$50.00	ground transportation
-\$1684.00	total

---

